

Message Text

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44

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 INT-08 SCEM-02 SCI-06 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 DRC-01 IO-14 NEA-10 /201 W

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R 021820Z JAN 74

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 5902

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

UNCLAS PORT OF SPAIN 0006

E.O. 11652: N/A

TAGS: PINT PFOR ENRG TD

SUBJ: PM WILLIAMS PREDICTS A GLOOMY 1974 FOR TRINIDAD

REF: POS 1663, POS A-123, DECEMBER 21, 1973

1. IN A NEW YEAR'S MESSAGE TO TRINIDAD AND TOBAGO, PRIME MINISTER ERIC WILLIAMS REVIEWED DEVELOPMENTS IN THE ENERGY SITUATION SINCE HIS DECEMBER 20 SPEECH (REFS), AND CONCLUDED THAT THE TRINIDADIAN ECONOMY FACES A BLEAK YEAR. WILLIAMS NOTED THAT WORLD-WIDE PRICE INCREASES WILL ESPECIALLY AFFECT THE COST OF LIVING IN IMPORT-DEPENDENT TRINIDAD (MOST NOTABLY IN FOODSTUFFS), AND THAT HIGHER PRICES AND SHORTAGES WILL AFFECT THE CONSTRUCTION INDUSTRY AS WELL AS PLANNED PETROLEUM EXPANSION. HE ALSO PREDICTED THAT ASSEMBLY INDUSTRIES, ESPECIALLY GARMENTS AND AUTOMOBILES, WILL HAVE TO RETRENCH DUE TO SUPPLY SHORTAGES. THE LIKELIHOOD OF A RECESSION IN THE DEVELOPED COUNTRIES, ACCORDING TO WILLIAMS, IMPLIES A REDUCED

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FLOW OF TOURISTS AS WELL AS A GREATER NUMBER OF

RETURNING EMIGRANTS, WHO WILL BURDEN THE LOCAL ECONOMY AND INCREASE UNEMPLOYMENT. FINALLY, THE PRIME MINISTER PREDICTED THAT THE CURRENT NEGOTIATIONS BETWEEN THE COMMON-WEALTH CARIBBEAN AND THE EXPANDED EUROPEAN ECONOMIC COMMUNITY WILL BE "ADVERSELY AFFECTED" AS A RESULT OF ECONOMIC DISRUPTIONS IN THE INDUSTRIALIZED NATIONS.

2. THE ONLY BRIGHT SPOT HIGHLIGHTED IN THE PM'S STATEMENT WAS THE ADDITIONAL REVENUE EXPECTED BY THE GOTT AS A RESULT OF HIGHER PRICES AND PROFITS IN THE PETROLEUM INDUSTRY. WILLIAMS STRESSED, HOWEVER, THAT TRINIDADIAN SHOULD NOT REGARD THIS AS A WINDFALL, AND SHOULD USE THESE ADDITIONAL REVENUES TO RESTRUCTURE THE ECONOMY TO PROVIDE TANGIBLE BENEFITS FOR THE POPULATION. HE ALSO ANNOUNCED THAT THE GOTT HAS CONCLUDED "PRICE NEGOTIATIONS" WITH THE OIL COMPANIES, AND STATED THAT THE FINANCE MINISTER WILL SOON ANNOUNCE THE GOTT'S DECISION WHETHER OR NOT TO ESTABLISH A TAX REFERENCE PRICE SYSTEM.

3. ALTHOUGH THERE WERE FEW SPECIFIC REFERENCES TO THE OTHER CARIBBEAN NATIONS IN THE PM'S MESSAGE, HE DID STATE THAT "IN RESPECT TO THEIR PRINCIPAL ECONOMIC ACTIVITIES, ESPECIALLY BAUXITE, TRINIDAD REFINERIES ARE NOT ONLY MAINTAINING PRE-CRISIS SUPPLIES BUT REPLACING THEIR NON-TRINIDAD SUPPLIES." WHILE NOT SPECIFICALLY MENTIONING TRINIDAD'S PRO-ARAB STATEMENT (POS 1437) OR ITS UN VOTING RECORD, WILLIAMS DREW ATTENTION TO THE FACT THAT, "THE ARAB STATES ARE CONTINUALLY POINTING TO THE VOTING RECORD OF SOME CARIBBEAN TERRITORIES IN MIDDLE EAST PROBLEMS--A REFLECTION ON OUR FAILURE IN TRINIDAD TO ACHIEVE AGREEMENT FOR OUR PROPOSALS ON CO-ORDINATING OUR FOREIGN POLICIES."

4. COMMENT: THE ECONOMIC (AND PETROLEUM POLICY) ASPECTS OF WILLIAMS' STATEMENT WILL PROBABLY BE MORE FULLY DESCRIBED IN THE FINANCE MINISTER'S BUDGET SPEECH, EXPECTED ON JANUARY 11. MOFFAT

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